

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

VERIZON NORTH INC., VERIZON SOUTH INC. (VERIZON) and)	
LEVEL 3 COMMUNICATIONS, LLC)	
)	02-0861
Joint Petition of Verizon North Inc., Verizon South Inc., and)	
LEVEL 3 COMMUNICATIONS, LLC for Approval Pursuant To 47 U.S.C.)	
§§252(a)(1) and) 252(e) for an Amendment to an)	
Interconnection Agreement)	

VERIFIED STATEMENT OF A. OLUSANJO OMONIYI

My name is A. Olusanjo Omoniyi and I am employed by the Illinois Commerce Commission as a Policy Analyst in the Telecommunications Division. I graduated from Southern Illinois University at Carbondale with a Bachelor of Arts degree in Cinema & Photography and Bachelor of Science degree in Radio-Television in 1987. In 1990, I obtained a Master of Arts degree in Telecommunications and a Juris Doctor in 1994 also from Southern Illinois University at Carbondale. Among my duties as a Policy Analyst is to review negotiated agreements and provide a recommendation as to their approval.

SYNOPSIS OF THE AGREEMENT

The instant agreement between VERIZON NORTH INC., VERIZON SOUTH INC. (“VERIZON” or “Carrier”) and LEVEL 3 COMMUNICATIONS, LLC. (“LEVEL 3 COMMUNICATIONS” or “Requesting Carrier”), is an Amendment to the existing Interconnection Agreement between the parties. This agreement relates to LEVEL 3 COMMUNICATIONS’ terms and conditions regarding payment due with respect to the

exchange of intercarrier compensation in connection with the exchange of Internet traffic.

This Amendment was based on the Federal Communications Commission (FCC)'s Order on Remand and Report and Order, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Intercarrier Compensation for ISP-Bound Traffic, FCC 01-131, CC Docket Nos. 96-98 and 99-68 (adopted April 18, 2001) in which the FCC affirmed its prior determination that Internet traffic is not subject to reciprocal compensation under Section 251(b)(5) of the Telecommunications Act of 1996, but exercised its authority under Section 201 of the Act to establish a transitional plan for intercarrier compensation for Internet traffic. In the instant case, the parties agreed that VERIZON would elect to offer an optional reciprocal compensation rate plan for traffic subject to Section 251(b)(5) of the Act. In addition, the underlying agreement establishes the financial and operational terms for the physical interconnection between VERIZON and LEVEL 3 COMMUNICATIONS' networks on access to rights of way and databases; unbundled access to VERIZON'S network elements, including VERIZON'S operations support systems functions; collocation; number portability; resale; and a variety of other business relationships.

The purpose of my verified statement is to examine the agreement based on the standards enunciated in section 252(e)(2)(A) of the 1996 Act. Specifically, this section states that:

- The State commission may only reject an agreement (or any portion thereof) adopted by negotiation under subsection (a) if it finds that :
- (i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or
 - (ii) the implementation of such agreement or portion is not consistent with the public interest, convenience, and necessity.

Also, under authority granted the Commission by Section 252(e)(3) of the 1996 Telecom Act, this agreement has been reviewed for consistency with the requirements of the Illinois PUA and regulations, rules and orders adopted pursuant thereof.

I APPROVAL UNDER SECTION 252(e)

A. DISCRIMINATION

The first issue that must be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it discriminates against a telecommunications carrier that is not a party to the agreement.

Discrimination is generally defined as giving preferential treatment to the requesting carrier to the detriment of a telecommunications carrier that is not a party to the agreement. In previous dockets, Staff has taken the position that in order to determine if a negotiated agreement is discriminatory, the Commission should determine if all similarly situated carriers are allowed to purchase the service under the same terms and conditions as provided in the agreement. I recommend that the Commission use the same approach when evaluating this negotiated agreement.

A carrier should be deemed to be similarly situated to LEVEL 3 COMMUNICATIONS for purposes of this agreement if telecommunications traffic is exchanged between such carrier and VERIZON for termination on each other's networks and if such carrier imposes costs on VERIZON that are no higher than the costs imposed by LEVEL 3 COMMUNICATIONS. If a similarly situated carrier is allowed to purchase the service(s) under the same terms and conditions as provided in this contract, then this contract should not be considered discriminatory. Evaluating the

term discrimination in this manner is consistent with the economic theory of discrimination. Economic theory defines discrimination as the practice of charging different prices (or the same prices) for various units of a single product when the price differences (or same prices) are not justified by cost. See, Dolan, Edwin G. and David E. Lindsey, Microeconomics, 6th Edition, The Dryden Press, Orlando, FL (1991) at pg. 586. Since Section 252(i) of the 1996 Act allows similarly situated carriers to enter into essentially the same contract, this agreement should not be deemed discriminatory.

B. PUBLIC INTEREST

The second issue that needs to be addressed by the Commission in approving or rejecting a negotiated agreement under Section 252(e)(2)(A) is whether it is contrary to the public interest, convenience, and necessity. I recommend that the Commission examine the agreement on the basis of economic efficiency, equity, past Commission orders, and state and federal law to determine if the agreement is consistent with the public interest.

In previous dockets, Staff took the position that negotiated agreements should be considered economically efficient if the services are priced at or above their Long Run Service Incremental Costs ("LRSICs"). Requiring that a service be priced at or above its LRSIC ensures that the service is not being subsidized and complies with the Commission's pricing policy. All the services associated with the underlying agreement are priced at or above their respective LRSICs. Therefore, this agreement should not be considered economically inefficient.

Nothing in this agreement leads me to the conclusion that the agreement is inequitable, inconsistent with past Commission Orders, or in violation of state or federal law. Therefore, I recommend that the Commission approve this agreement.

II IMPLEMENTATION

In order to implement the VERIZON-LEVEL 3 COMMUNICATIONS Agreement, the Commission should require VERIZON to, within five (5) days from the date the agreement is approved, modify its tariffs to reference the negotiated agreement for each service. Such a requirement is consistent with the Commission's Orders in previous negotiated agreement dockets and allows interested parties access to the agreement. The following sections of VERIZON's tariffs should reference the VERIZON-LEVEL 3 COMMUNICATIONS Agreement: Agreements with Telecommunications Carriers (ICC No. 10 Section 18).


Also, in order to assure that the implementation of the Agreement is in public interest, VERIZON should implement the Agreement by filing a verified statement with the Chief Clerk of the Commission, within five (5) days of approval by the Commission, that the approved Agreement is the same as the Agreement filed in this docket with the verified petition; the Chief Clerk should place the Agreement on the Commission's web site under Interconnection Agreements.

For the reasons enumerated above, I recommend that the Commission approve this agreement pursuant to Section 252(e) of the Telecommunications Act of 1996.

VERIFICATION

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I, A. Olusanjo Omoniyi, do on oath depose and state that if called as a witness herein, I would testify to the facts contained in the foregoing document based upon personal knowledge.



SIGNED AND SWORN TO BEFORE ME THIS 14th DAY OF
January, 2003.

Frances J. Adcock
NOTARY PUBLIC

